



## Knowledge Management in Business

\*Dr. Vipul Chalotra

\* Assistant Professor, Dept. of Commerce, University of Jammu, 180006, Udhampur campus

### ABSTRACT

*The formation of communities of practice in business represents, possibly, the best way to manage knowledge bases in organisations since they integrate the most important dimensions in knowledge management. Knowledge has long been recognized as a crucial competitive tool for organizational survival and competition. In practice, many organizations that are adept in leveraging and capitalizing their knowledge resources experience business success and performance improvement.*

**Keywords : Knowledge, Management, Marketing, Business**

### INTRODUCTION

Since 1990, knowledge management became the new promise in business environment. The central idea behind this new approach is to motivate organisations to internally generate knowledge and information and allow the employees access to such databases for immediate use and application. In this "knowledge society" knowledge creation is a key source for competitive advantage for organisations; therefore, they argue that it is not only a resource, but primary asset. (Drucker, 1993). However, there is no consensus regarding the value, meaning and usefulness of knowledge management as a management tool (Ponzi, 2002; Skyrme, 1997; O'Dell & Jackson, 1998 and Nonaka & Takeuchi, 1995).

### CONCEPTUAL FRAMEWORK OF KNOWLEDGE MANAGEMENT

**Knowledge**  
The meaning of the word "knowledge" is having different interpretations. Earlier, it was linked with terms such as data, information, intelligence, skill, experience, expertise, ideas, intuition, or insight, which all depend on the context in which the words are used. Plato views knowledge as "justified true belief", which was later modified by Nonaka and Takeuchi (1995) to: "a dynamic human process of justifying personal belief toward the truth" at the organisational level. Bell defines knowledge in a broader sense as "a set of organized statements of facts or ideas, presenting a reasoned judgment or an experimental result, which is transmitted to others through some communication medium in some systematic form" or in general meaning known as intellectual property, attached to a name and a group of names and certified by copyright or some other form of social recognition" (Bell, 1973). Davenport and Prusak (1998), defined knowledge as "a fluid mix of framed experiences, values, contextual information and expert insight". Boisot (1998) defines knowledge as "a capacity that builds on information extracted from data or the set of expectations that an observer hold with respect to an event". In Drucker's opinion, knowledge is information that "changes something or somebody either by becoming grounds for action, or by making an individual or an institution capable of different and more effective action", or more simply termed, "specialized knowledge". When Drucker talks about knowledge work or knowledge workers, he focuses on the utility of knowledge, i.e. its application to businesses, in sharp contrast to traditional intellectuals who prided themselves on not considering utility. He also differs from Nonaka regarding who should be the key players in organisations. Both Drucker and Nonaka strongly believe that knowledge should relate to action. However, Drucker emphasizes the knowledge work done by knowledge workers and their productivity, while Nonaka

argues that everyone in the organisation should be involved in knowledge-creating activities. The difference mainly comes from the different types of organisation they addressed when they discussed knowledge management and knowledge creation. Knowledge can be further defined as subjective or objective; or explicit or tacit/implicit. In Gao's (Gao et al., 2003) purview, organisational knowledge is considered at two levels: the individual level and the organisational level. Personal knowledge refers to Drucker's specialised knowledge and Polanyi's tacit knowledge as well as the person's values – professional ethics and morals. Personal knowledge belongs to the person who possesses it rather than the organisation he/she works for, but it can be used by the organisation. At the organisational level, organisational knowledge is divided into organisational static substance knowledge and organisational dynamic process knowledge. Static substance knowledge refers to explicit knowledge or the bodies of knowledge in terms of mission and vision, science, technology, management theory, as well as the information and data upon which knowledge is based or from which it is drawn out. It can be classified into visionary knowledge (organisational vision, mission, ethics, and morals), objective and/or subjective knowledge (science, technology, and management in the form of hard aspects like technological equipment and products or soft aspects like research laboratories, qualified employees, patents, copyrights, services, and the ways of practicing management), and generic knowledge (information and data), which the organisation owns. Organisational dynamic process knowledge relates to human actions or the activities of organisational operation, called the organisational human activity system. These are categorized into autonomous human activity system (activity of distinct mission), semi-autonomous human activity system (activity of clear goals), and general human activity system (activity of defined problems).

### Management

The term "management" generally means the act of organizing and controlling a business or similar organisation. It includes two parts: responsibility and control. The first purposeful efforts at rational thinking about management began with Taylor, Fayol, and Weber. Ever since then, scholars, experts, and practitioners in various fields from different perspectives have studied the two domains and introduced concepts from science, technology, psychology, social psychology, sociology, biology, cybernetics, or complexity theory to address the issues. In other words management means the art of getting things done through the efforts of other people.

### Knowledge management

Knowledge management comprises a range of strategies and

practices used in an organisation to identify, create, represent, distribute, and enable adoption of insights and experiences. Such insights and experiences comprise knowledge, either embodied in individuals or embedded in organisations as processes or practices. Many large companies and non-profit organizations have resources dedicated to internal KM efforts, often as a part of their business strategy, information technology, or human resource management departments (Addicott, McGivern & Ferlie, 2006). "Knowledge management" contains a much more complex meaning than the terms management and knowledge alone. Various topics in different contexts with different perspectives are discussed under the term "knowledge management". Briefly we divide them into two groups – the hard track and the soft track. Hard track theories, methodologies, approaches, and tools are those related to either hard technology (the application of science to industrial or commercial objectives, like industrial R&D) or soft technology (related to software, database, information, patents, or copyrights, which have clear objective criteria in their corresponding professional communities). To those associated with the hard group, knowledge management is an advanced level for discussing technology, R&D, or product/service innovation and development, data mining or knowledge discovery from databases, MIS, IT infrastructures or supporting software, expert systems, decision-support systems, or knowledge repositories (Boisot, 1995, 1998; Davenport, 1993; Davenport and Prusak, 1998; Stewart, 1997). Typical terms used by this group are capture, abstract, codify, organize, store, diffuse, reuse, transfer, or transform. Hard technology or IT infrastructure and supporting software, is aimed at the management of existing explicit knowledge. The fundamental assumption in this perspective is based on the belief that knowledge comes from information, information comes from data, and data come from events. Creating knowledge implies a process of generating insights through extracting information from data. Thus, IT serves as a tool or enabler for turning knowledge into profitable industrial commodities. Financial investors treat a firm's IT investments and associated organisational assets as intangible assets that increase long-term output and profits, which may be a driver for linking IT with knowledge management. To the hard track, knowledge management is almost equal to an IT-based management system. The basic assumption is that information technologies can accelerate the flow of knowledge and offer modern systems to stockpile formal knowledge and support personal knowledge sharing. Therefore, Knowledge management efforts typically focus on organisational objectives such as improved performance, competitive advantage, innovation, the sharing of lessons learned, integration and continuous improvement of the organisation. KM efforts overlap with organisational learning, and may be distinguished from that by a greater focus on the management of knowledge as a strategic asset and a focus on encouraging the sharing of knowledge. It is seen as an enabler of organisational learning and a more concrete mechanism.

## REVIEW OF LITERATURE

Academic literature has defined knowledge management from various theoretical perspectives. For example, although Nonaka and Takeuchi (1995) did not use the term "knowledge management", they defined the concept "organisational knowledge" as "the capacity which the company has to create new knowledge and distribute it throughout the organisation". This implies active intervention of the human resources in knowledge management process. Skyrme (1997), on the other hand, defined it as "explicit and systematic management of vital knowledge on business". This definition is oriented towards the tendency to categorize knowledge as a productive asset, so the emphasis is on strategic management. On the other hand, O'Dell and Jackson (1998) introduced the technology perspective saying that, through knowledge management, organisations "can transfer the right knowledge to right people at the right time".

These definitions highlighted three aspects about knowledge management. First, any project aims to capture relevant information through electronic information systems. Second, it is a management process as it adds value to the company and promotes an efficient performance. Third, since it must take into account the organisational culture and human resources participation, the psychosocial perspective cannot be overlooked in these knowledge management projects.

## CONCLUSION

Knowledge Management (KM) comprises a range of strategies and practices used in an organisation to identify, create, represent, distribute, and enable adoption of insights and experiences. Such insights and experiences comprise knowledge, either embodied in individuals or embedded in organisational processes or practice. Recently, other fields have started contributing to KM research; these include information and media, computer science, public health, and public policy. Many large companies and non-profit organisations have resources dedicated to internal KM efforts, often as a part of their business strategy, information technology, or human resource management departments. Several consulting companies also exist that provide strategy and advice regarding KM to these organisations. Knowledge Management efforts typically focus on organizational objectives such as improved performance, competitive advantage, innovation, the sharing of lessons learned, integration and continuous improvement of the organisation. KM efforts overlap with organisational learning, and may be distinguished from that by a greater focus on the management of knowledge as a strategic asset and a focus on encouraging the sharing of knowledge.

## REFERENCES

- Addicott, Rachael; McGivern, Gerry; Ferlie, Ewan (2006). "Networks, Organizational Learning and Knowledge Management: NHS Cancer Networks". *Public Money & Management* 26 (2): 87–94. | • Bell, D. (1973), "The Coming of Post-Industrial Society: A Venture in Social Forecasting", Basic Books, New York, NY. | • Boisot, M. (1998), "Knowledge Asset: Securing a Competitive Advantage in the Information Economy", Oxford University Press, New York, NY. | • Davenport, T.H. (1993), "Process Innovation: Reengineering Work through Information Technology", Harvard Business School Press, Boston, MA. | • Davenport, T.H. and Prusak, L. (1998), "Working Knowledge: How Organizations Manage What They Know", Harvard Business School Press, Boston, MA. | • Drucker, P. (1993a), "Managing for Results", reprint ed., Collins, London. | • Nonaka, I. and Takeuchi, H. (1995), "The Knowledge-Creating Companies: How Japanese Companies Create the Dynamics of Innovation", Oxford University Press, New York (Chinese ed., 2006, Li, M. and Gao, F. trans., Intellectual Property Press). | • O'Dell, C. and Jackson, C. (1998), "If Only We Knew What We Know". New York: The Free Press. | • Ponzi, L. (2002), "The evolution and intellectual development of knowledge management", *Dissertation Abstracts International*. (UMI No. 3075788). | • Skyrme, D. (1997), "Knowledge management: Making sense of an oxymoron Versión electrónica", *Insights*, 22, 1-6. | • Stewart, T.A. (1997), "Intellectual Capital: The New Wealth of Organizations", Doubleday, New York, NY.